

## *Elements of Long Term Care Financing*

For the final section, financing of long term care is presented. Maryland and national comparisons are offered and trends in financing are examined. In addition, the concept of “Medicaid spend-down”, or the number of days for conversion from private pay to Medicaid is explained. Finally, by examining profiles of a typical resident, one can assess how resident characteristics vary by payer source.

### FINANCING OF CARE

**Table 18. Financing of Care by Facility Type and Payer Source, Percent of Residents as of December 31, 1997: Maryland, 1997**

Facility Type	Medicare		Medicaid		Private Pay		Private Insurance	
	On Adm.	As of 12/31/97	On Adm.	As of 12/31/97	On Adm.	As of 12/31/97	On Adm.	As of 12/31/97
<b>Comprehensive Care (25,914)</b>	<b>30.9%</b>	<b>8.7%</b>	<b>35.9%</b>	<b>65.1%</b>	<b>25.9%</b> <b>5996</b>	<b>22.4%</b>	<b>5.2%</b>	<b>3.7%</b>
<b>Hospital Based Comprehensive Care (Subacute Care) (420)</b>	<b>83.6%</b>		<b>2.0%</b>		<b>1.1%</b>		<b>5.5%</b>	
<b>Comprehensive Care Beds in Continuing Care Retirement Communities</b>	<b>11.8%</b>	<b>1.8%</b>	<b>6.4%</b>	<b>25.1%</b>	<b>75.4%</b>	<b>66.8%</b>	<b>1.3%</b>	<b>2.0%</b>
<b>Assisted Living Facilities</b>	<b>Not Applicable*</b>		<b>&lt;1%</b>	<b>&lt;1%</b>	<b>72.9%</b>	<b>72.9%</b>	<b>&lt;1%</b>	<b>&lt;1%</b>

(NOTE: Private Pay and Private Insurance percents may include co-pays for Medicare and Medicaid; “Other” payer sources are not included. Percents may not total 100. Payer source for subacute care represents payment for total subacute care stay.)

Source: Maryland Health Care Commission. 1997 Maryland Long Term Care Survey; and 1997 Maryland Subacute Care Survey.

\* Medicaid does not currently pay for assisted living, but will begin to do so under a waiver effective January 1, 2001.

↓ Table 18, above, shows the payer source of patients as of December 31, 1997 for those patients on the census of at that point in time. Medicare pays for the care of 31 percent of nursing home residents on admission. The change in primary payer source for nursing home residents’ between admission and

December 31 shows a shift from private pay and Medicare to Medicaid.

↓ On admission to a nursing home, 26 percent of patients are paying for some or all of their care. As of December 31, 1997, 23 percent of nursing home residents are paying for some or all of their care.

## FINANCING TRENDS

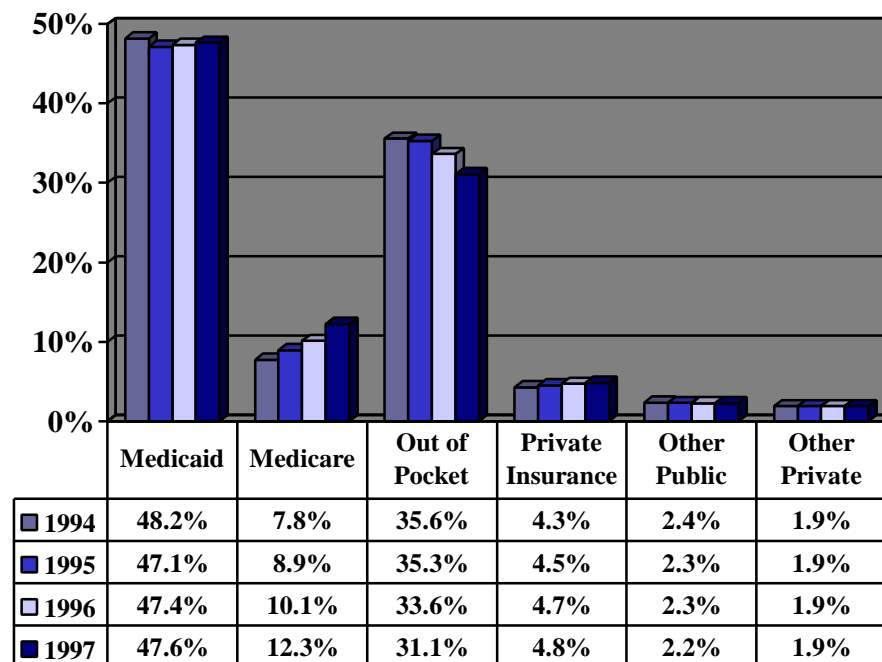
**Table 19. Trends in Total Spending (in billions) on Nursing Home Care by Payer Source: U.S., 1994 to 1997**

Payment Source	1994	1995	1996	1997
Medicaid	\$34,264	\$35,575	\$37,617	\$39,439
Medicare	\$5,513	\$6,734	\$8,034	\$10,150
Out of Pocket	\$25,284	\$26,624	\$26,712	\$25,741
Pr. Insurance	\$3,025	\$3,395	\$3,731	\$4,002
Other Public	\$1,671	\$1,719	\$1,793	\$1,860
Other Private	\$1,335	\$1,420	\$1,498	\$1,562
Total	\$71,092	\$75,467	\$79,385	\$82,774

Source: Reproduced with permission from the Facts & Trends: The Nursing Facility Sourcebook, 1999.

Compiled by the American Health Care Association from HCFA Office of the Actuary data. National Health Expenditures, 1994 through 1997.

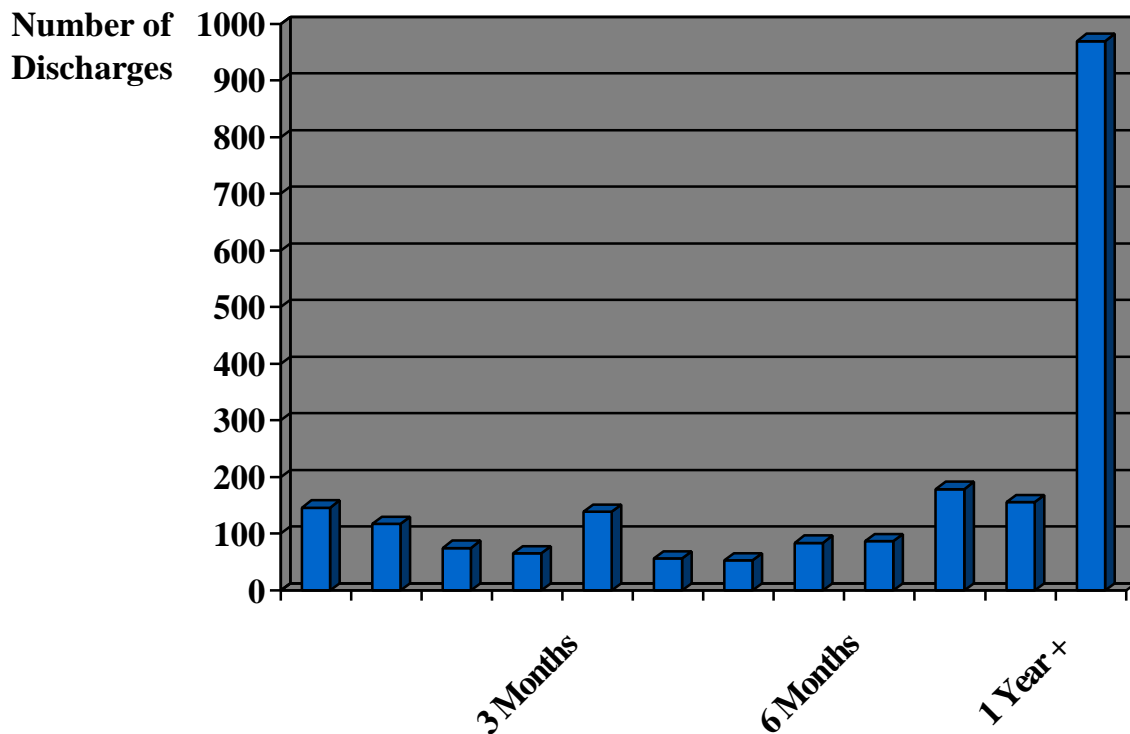
**Figure 52. Trends in Percent of Total Spending on Nursing Home Care by Payer Source: U.S., 1994 to 1997**



Source: Compiled by the American Health Care Association from HCFA Office of the Actuary data. National Health Expenditures, 1994 through 1997. Facts & Trends: The Nursing Facility Sourcebook, 1999.

## MEDICAID SPEND DOWN

**Figure 53. Number of Days to Conversion from Private Pay to Medicaid**  
**Payer Source: Maryland, 1997**



Source: Maryland Health Care Commission. 1997 Maryland Long Term Care Survey

Thirty-nine percent of residents who pay for nursing home care with their own funds at the time of admission will spend down and require payment by the Medicaid program during their nursing home stay.

The remaining 61 percent of residents whose care was paid through private funds at the time of admission to nursing home care either continued to pay privately or converted to another source of payment as of December 31, 1997.

Twenty-five percent of nursing home residents with private pay on admission spent down to Medicaid within the first

3 months after nursing home admission. Thirteen percent converted to Medicaid between 3 and 6 months and 16 percent spent down to Medicaid between 6 months and up to one year. Forty-five percent took a year or more to spend down to Medicaid.

In addition to the private pay admissions who convert to Medicaid, many residents of nursing facilities whose care was paid for by Medicare on admission to a nursing facility are dually eligible or will convert to Medicaid at some point after admission.

## MEDICAID RECIPIENTS IN NURSING HOMES

**Table 20. Percent of Over 65 Medicaid Participants Admitted to Nursing Homes by County: Maryland, 1997**

<b>Maryland Area of Residence</b>	<b>Number of Persons Aged 65+ on Medicaid</b>	<b>Percent of persons aged 65+ eligible for Medicaid that are residents of nursing homes on 12/31/1997</b>
Allegany County	1,334	64.7%
Carroll County	902	73.4%
Frederick County	1,090	69.1%
Garrett County	464	33.8%
Washington County	1,454	57.6%
<b>Western Maryland Total</b>	<b>5,244</b>	<b>62.4%</b>
Montgomery County	8,480	33.9%
<b>Montgomery County Total</b>	<b>8,480</b>	<b>33.9%</b>
Calvert County	487	40.5%
Charles County	872	42.3%
Prince Georges' County	5,808	29.1%
St. Mary's County	794	38.7%
<b>Southern Maryland Total</b>	<b>7,961</b>	<b>32.2%</b>
Anne Arundel County	2,537	52.8%
Baltimore County	6,159	57.3%
Harford County	1,120	53.4%
Howard County	1,297	34.5%
Baltimore City	15,849	26.6%
<b>Central Maryland Total</b>	<b>26,962</b>	<b>37.6%</b>
Caroline County	479	40.3%
Cecil County	562	67.3%
Dorchester County	685	40.0%
Kent County	284	53.2%
Queen Anne's	401	40.1%
Somerset County	568	35.2%
Talbot County	436	58.3%
Wicomico County	1,102	37.4%
Worcester County	639	37.6%
<b>Eastern Shore Total</b>	<b>5,156</b>	<b>43.9%</b>
<b>Maryland Total</b>	<b>53,803</b>	<b>23.6%</b>

(Note: Residents that are dually eligible are included if the nursing home payer source is Medicaid as of 12/31/1997)

Source: Compiled by the Maryland Health Care Commission (Data on enrollees from Office of Operations & Eligibility, Medical Care Programs Data, and data on nursing home residents is from the Maryland Health Care Commission, 1997 Maryland Long Term Care Survey data)

Twenty-four percent of Medicaid recipients age 65 or over were residents of a nursing home as of December 31, 1997. This figure varies by county. In

the Maryland total population age 65 and over, only 4.2 percent were residents of a nursing home.

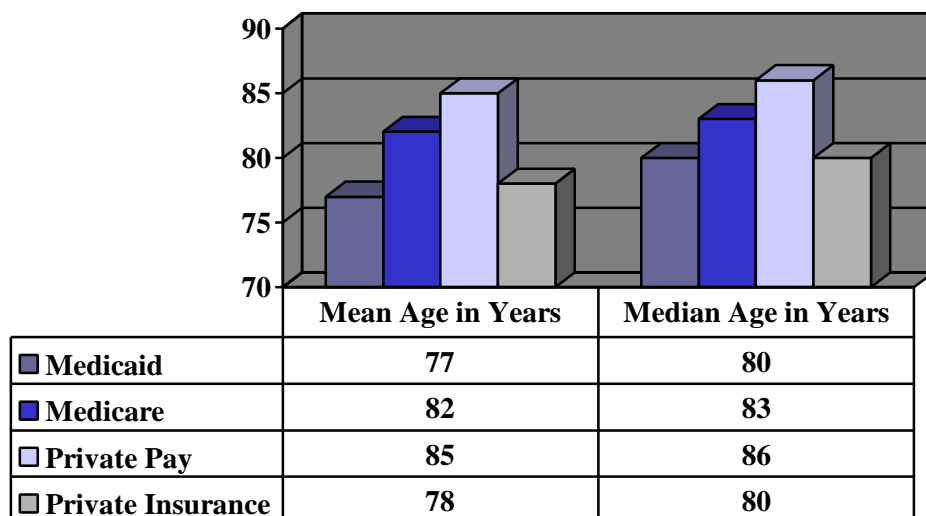
## PROFILE OF NURSING HOME RESIDENTS BY PAYER

**Table 21. Characteristics of Medicaid Nursing Home Residents: Maryland, 1997**

Characteristic	Residents on Admission N = 9,205
Age	Mean: 77, Median: 80
Gender	Female: 71%
Race	White: 56%, African American: 28%
Marital Status	Widowed: 48%, Never Married: 23%, Married: 16%
Living Situation Prior to Admission	Living Alone: 23%, Other Living Situation: 22%, With Children: 17%
Admitted From	Acute General Hospital: 46%, Private Home: 23%
Principal Diagnosis	Mental Disorders: 28%, Circulatory System Disease: 27%, Nervous System Diseases: 14%

Source: Maryland Health Care Commission, 1997 Maryland Long Term Care Survey.  
(NOTE: Table 11 shows characteristics of nursing home residents whose care was paid for by Medicaid at the time of admission.)

**Figure 54. Mean and Median Age as of December 31, 1997 of Nursing Home Residents by Payer Source on Admission: Maryland, 1997**



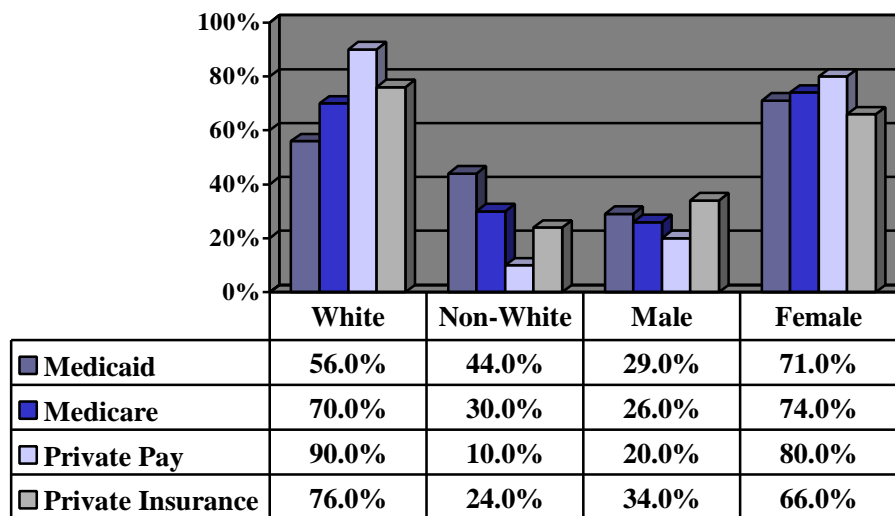
Source: Maryland Health Care Commission, 1997 Maryland Long Term Care Survey.  
(NOTE: Figure 53 shows the mean and median age of nursing home residents as of December 31, 1997)

**Table 22. Characteristics of Medicare Nursing Residents Home: Maryland, 1997**

Characteristic	Residents N = 7,852
Age	Mean: 82, Median: 83
Gender	Female: 74%
Race	White: 70%, African American: 24%
Marital Status	Widowed: 60%, Married: 21%, Never Married: 12%
Living Situation Prior to Admission	Living Alone: 33 %, With Children: 19%, With Spouse: 17%
Admitted From	Acute General Hospital: 81%
Principal Diagnosis	%, Circulatory System Disease: 32%, Mental Disorders: 12%, Injury & Poisoning: 12%

Source: Maryland Health Care Commission, 1997 Maryland Long Term Care Survey.  
(NOTE: Table 12 shows characteristics of nursing home residents whose care was paid for by Medicare on admission.)

**Figure 55. Race and Gender of Nursing Home Residents by Payer Source: Maryland, 1997**



Source: Maryland Health Care Commission, 1997 Maryland Long Term Care Survey.

Compared to a typical nursing home resident, residents whose care is paid for by Medicaid on admission are younger, more likely to be African American and more likely to have never been married.

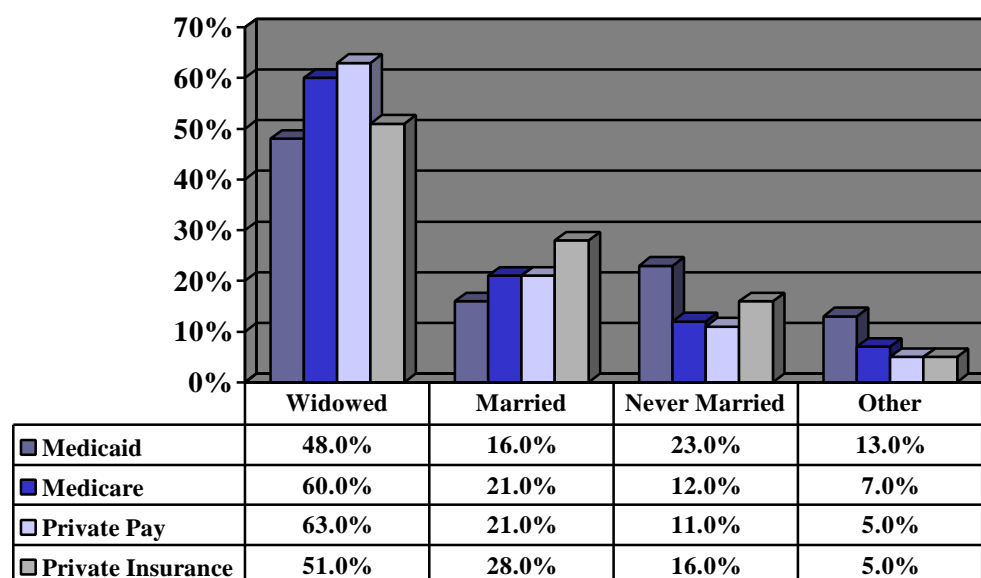
The nursing home population that is admitted as private pay is more likely to be female, white and widowed than a typical nursing home resident.

**Table 23. Characteristics of Private Pay Nursing Home Residents on Admission: Maryland, 1997**

Characteristic	Residents N = 6,780
Age	Mean: 85, Median: 86
Gender	Female: 80%
Race	White: 90%, African American: 5%
Marital Status	Widowed: 63%, Married: 21%, Never Married: 11%
Living Situation Prior to Admission	Living Alone: 36%, With Spouse: 17%, Other Living Situation: 17%, With Children: 16%
Admitted From	Acute General Hospital: 32%, Private Residence: 29%
Principal Diagnosis	%, Circulatory System Disease: 25%, Mental Disorders: , 27%, Nervous System Diseases: 12%

Source: Maryland Health Care Commission, 1997 Maryland Long Term Care Survey.  
(NOTE: Table 13 shows characteristics of nursing home residents whose care was paid for with private funds on admission)

**Figure 56. Marital Status of Nursing Home Residents by Payer Source: Maryland, 1997**



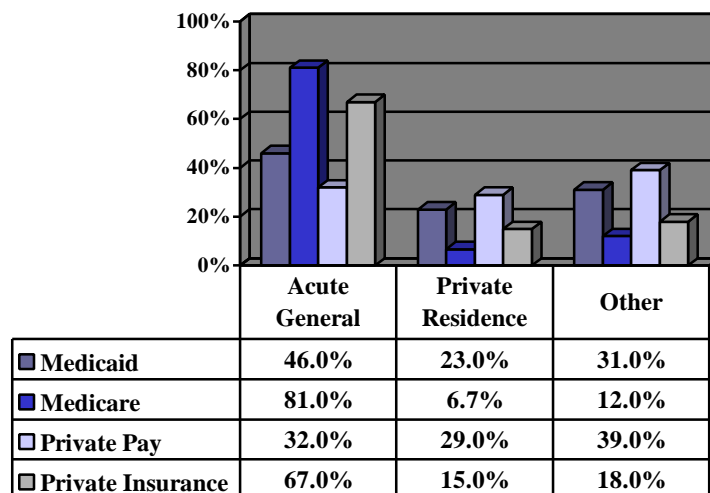
Source: Maryland Health Care Commission, 1997 Maryland Long Term Care Survey.

**Table 24. Characteristics of Private Insurance Nursing Home Residents on Admission: Maryland, 1997**

Characteristic	Residents N = 1,346
Age	Mean: 78, Median: 80
Gender	Female: 66 %
Race	White: 76%, African American: 20%
Marital Status	Widowed: 51%, Married: 28%, Never Married: 16%
Living Situation Prior to Admission	Living Alone: 28%, With Spouse: 25%, With Children: 15%, Other Living Situation: 13%
Admitted From	Acute General Hospital: 67%, Private Residence: 15%
Principal Diagnosis	Circulatory System Disease: 27%, Injury & Poisoning: 12%, Mental Disorders: 15%, Nervous System Diseases: 10%

Source: Maryland Health Care Commission, 1997 Maryland Long Term Care Survey.  
(NOTE: Table 14 shows characteristics of nursing home residents whose care was paid for with private insurance, not including long term care insurance.)

**Figure 57. Source of Admission of Nursing Home Residents by Payer  
Source: Maryland, 1997**



Source: Maryland Health Care Commission, 1997 Maryland Long Term Care Survey.

- | Medicare and private insurance residents are more likely to be admitted from an acute general hospital.
- | Medicaid and private pay residents are more likely to be admitted from a private residence.





